

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION**

In re:) Case No. 19-40883-659
) Chapter 11
PAYLESS HOLDINGS LLC, *et al.*,)
)
) Jointly Administered
Debtors.)

**FIRST SUPPLEMENTAL DECLARATION OF
DEREK PITTS IN SUPPORT OF APPLICATION OF THE
DEBTORS FOR APPOINTMENT OF PJ SOLOMON AS INVESTMENT
BANKER TO THE DEBTORS EFFECTIVE AS OF THE PETITION DATE**

I, Derek C. Pitts, being duly sworn, state the following under penalty of perjury:

1. I am a Managing Director of the firm PJ Solomon ("Solomon") and Head of the firm's Debt Advisory & Restructuring Practice, which has its principal office at 1345 Avenue of the Americas, 31st Floor, New York, New York 10105.

2. I am duly authorized to make this supplemental declaration (the "First Supplemental Declaration") on behalf of Solomon in further support of the *Application of Debtors for Appointment of PJ Solomon as Investment Banker Nunc Pro Tunc to the Petition Date* [Docket No. 34] (the "Application").¹ I submit this First Supplemental Declaration in accordance with Bankruptcy Code sections 327(a), 328(a) and 330, Bankruptcy Rules 2014(a) and 2016(b), and Local Rules 2014(a) and 2016-2. Except as otherwise noted, I have personal knowledge of the matters set forth herein.

3. On February 19, 2019, the Debtors filed the Application, together with, among other things, the *Declaration of Derek Pitts*, dated February 19, 2019, attached to the Application as Exhibit A (the "Pitts Declaration"). I submit this First Supplemental Declaration to

¹ Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Application.

supplement the disclosures contained in the Pitts Declaration and to clarify certain paragraphs within.

4. Paragraph 14 of the Application represents that in the event of a Restructuring Transaction, Solomon will receive \$4,000,000; in the event of a Sale Transaction, the Applicable Minimum Solomon will receive is (i) \$4,000,000 if the Sale Transaction involves control of or a 50% or greater interest in the assets, or (ii) \$2,000,000 in all other cases. These amounts represent the fees in an early version of the Engagement Letter. However, under the executed version of the Engagement Letter, in the event of a Restructuring Transaction, Solomon will receive (i) \$3,750,000 or (ii) if and only if such Restructuring Transaction consists solely of a Liquidation, \$3,000,000; in the event of a Sale Transaction, the Applicable Minimum Solomon will receive is \$1,000.000. For the avoidance of doubt, Solomon seeks to be retained pursuant to the terms of the Engagement Letter, including Sections 3(c) and 3(d), as detailed below.

- i. “(c) In the Event of a Restructuring Transaction, a transaction fee equal to (i) \$3,750,000 or (ii) if and only if such Restructuring Transaction consists solely of a Liquidation, \$3,000,000 (the “Restructuring Fee”) ...
- ii. (d) In the event of a Sale Transaction, a transaction fee (the “Sale Transaction Fee”) equal to the greater of (x) the Applicable Minimum Amount (as defined below) or (y) a percentage of Aggregate Consideration (as defined below) paid or payable in connection with a Sale Transaction in accordance with the fee schedule set forth on Exhibit B hereto. “Applicable Minimum Amount” means \$1,000,000.”

5. As set forth on Schedule 1, annexed hereto, is a supplemental listing of those additional parties that have been identified and searched by Solomon since the filing of the Pitts Declaration (the “Additional Searched Parties”). Based on the results of its review, Solomon has determined that any relationship with any of the parties on Schedule 1 are with respect to matters wholly unrelated to the Debtors’ chapter 11 cases.

6. It remains that, to the best of my knowledge, insofar as I have been able to ascertain, Solomon does not hold or represent any interest adverse to the Debtors' estates. By the reason of the foregoing, I believe that Solomon remains eligible for employment and retention by the Debtors pursuant to Bankruptcy Code sections 327(a) and 328(a) and the applicable Federal Rules of Bankruptcy Procedures and the Local Rules.

[Remainder of page intentionally left blank.]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: March 7, 2019

/s/ Derek C. Pitts
Derek C. Pitts
PJ Solomon

Schedule 1

Schedule of Additional Searched Parties

301 Main Street Associates LLC
3503 RP Spokane Northpointe, L.L.C.
3503 RP Waco Central Limited Partnership
Acadia Realty Limited Partnership
Alisan LLC
Aneff LLC
Angelina County
Atascosa County
Benefit Street Partners
Bexar County
Bluestone Financial, Inc.
Brookfield Property REIT, Inc.
Centennial Real Estate Co.
CIFC Asset Management LLC
Citivest Commercial Investments, LLC
City Of Eagle Pass
City Of El Paso
City Of Pleasanton
Coventry III/Satterfield Helm Valley Fair LLC
Crystal Run NewCo, LLC
Cypress - Fairbanks ISD
Dallas County
Eagle Pass ISD
Eastburnside 5/19 L.L.C.
Ector CAD
EklecCo NewCo, LLC
Esther Alison LLC
Esther Jeffrey LLC
Flintsan LLC
Fort Bend County
Freeman, Heath
Fundamentals Company Inc.
Fundamentals Company LLC
Galveston County
Garcia, Yaquelin
GEM Realty Capital, Inc.
Goldman Sachs Realty Management, LLC
Green Oak Village Place I, LLC
Gregory Greenfield & Associates Ltd.
HBI Branded Apparel Enterprises, LLC
High Point Capital Group, LLC
Inland Western Glendale Peoria II, L.L.C.
IRC Aurora Commons, L.L.C.
IRC Deer Trace, L.L.C.
IRC Mallard Crossing, L.L.C.

IRC Stone Creek, L.L.C.
IRC Turfway Commons, L.L.C.
Janess Associates
Ladd & Julie Richland
Laurie Industries Inc.
Levy Properties
Matagorda County
Muffrey LLC
Orange County
Pachulski Stang Siehl & Jones
Pataya, Inc.
PGIM Real Estate
PLP, S.A.
Polsinelli P.C.
PREIT Services, LLC
Province, Inc.
Regency Centers Corporation
Romesan LLC
Roseff LLC
RPAI Cypress Mill Limited Partnership
RPAI Galveston Galvez Limited Partnership
RPAI Houston New Forest Limited Partnership
RPAI Mansfield Limited Partnership
RPAI McDonough Henry Town, L.L.C.
RPAI Newnan Crossing, L.L.C.
RPAI Oswego Douglass, L.L.C.
Sangertown Square, L.L.C.
Sanlyse LLC
Shopcore Properties LP
SITE Centers Corp.
South America Local Partners, S.A.
Spring Branch Independent School District, et al.,
Starwood Retail Partners LLC
Tarrant County
Texas City ISD
The Goldenberg Group
Tiger Capital Group, LLC
TN Dept of Revenue
UBS Realty Investors
Unibail – Rodamco – Westfield
Urban Retail Properties, LLC
Val Verde County
Vincent, Gary L.
Washington Co Fm
Washington County
Washington Prime Group Inc.

Watt Management Company
Weitzman Realty
Wharton Co Jr Coll Dist
WinstonSalem (Oak Summit) WMC LL